BUSINESS SYSTEMS MODERNIZATION (BSM)

DLA ACAT IAM Program

    Total Number of Systems: 1
    Total Program Cost (TY$): $390M
    Average Unit Cost (TY$): $390M
    Initial Operating Capability: FY02
    Full Operating Capability: FY05

Prime Contractor

    Andersen Consulting

SYSTEM DESCRIPTION & CONTRIBUTION TO JOINT VISION 2020

The Business Systems Modernization (BSM) is an across-the-board improvement and upgrade program for Defense Logistics Agency (DLA) operations. Central to the objective of the BSM program is the evolution of DLA's business practices to emulate best current commercial practices and the transformation of DLA from a manager of inventory to a broker of information.

DLA is a logistics combat support agency whose primary responsibility is to provide supplies and services to America's military forces worldwide. DLA's missions include the management of over 4 million consumable items and the processing of more than 30 million annual distribution actions around the clock in all 50 states and 27 countries at over 500 sites located close to, and partnered with, customers and suppliers.

BSM will consist of Commercial-Off-The-Shelf (COTS) software running on existing hardware to support DLA processes. Since COTS products will only meet a portion of the BSM requirements, the use of bolt-on products and business process re-engineering are anticipated. BSM, when completely fielded, will support approximately 7,500 DLA employees located primarily at three locations: Columbus, OH; Philadelphia, PA; and Richmond, VA.

BSM supports *Joint Vision 2020* through significant improvements in *focused logistics*. The modernized business environment supports power projection through flexible logistics support. Small, agile fighting units will be provided with rapid, precise, and reliable delivery of supplies to an area of operation.

BACKGROUND INFORMATION

The BSM program was conceived in late 1998 to address the radical changes in the way DLA does business and the severe deficiencies in existing information support systems. As DLA strives to align business practices with the best commercial practices by re-engineering logistics processes at all echelons, a robust technology platform is needed to support this target environment. Specifically, the BSM program is designed to establish a framework for continuous business practice improvements by:

- Shifting to commercial business practices and capitalizing on industry-based integrated supply chain solutions.

- Moving from organic to commercial sector support when business and readiness factors dictate.

- Exploiting DLA's leveraged buying capabilities and harnessing that power through value-added electronic shopping opportunities to enable customers to get the best prices and fastest delivery of products and services.

The primary objective of this initiative is the attainment of a modern business systems environment. The Joint Requirements Oversight Council-approved Mission Needs Statement identified the needs for DLA to manage to specific outcomes, allow optimization within given levels of resource, and support a management focus on product and operating-cost reduction. These objectives represent DLA's approach to meeting the requirements of the DoD and DLA Strategic Plans. The BSM strategy's first focus is to replace DLA's primary materiel management systems—the Standard Automated Materiel Management System and the Defense Integrated Subsistence Management System—with an expanded enterprise computing environment and COTS software packages that include Enterprise Resource Planning and Advanced Planning Systems. The BSM strategy, over the course of several years, will result in a new agency-wide computing architecture, which will enable DLA to reengineer its logistics processes to reflect best modern commercial business practices.

TEST & EVALUATION ACTIVITY

The BSM contract was awarded in August 2000. No DT or OT has been conducted yet. DOT&E reviewed and approved a preliminary TEMP in August 2000.

TEST & EVALUATION ASSESSMENT

No assessment results are available yet. The Program Management Office (PMO) has demonstrated proper emphasis on T&E activities needed to support the BSM program. DOT&E will continue working with JITC (the designated OTA) and the PMO to refine BSM T&E planning as the program evolves.